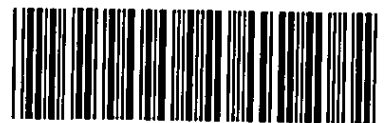


Company Registration No 3086310 (England and Wales)

Patsystems (UK) Limited
ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2006

THURSDAY



A89UTQZ3

A25

05/07/2007

510

COMPANIES HOUSE

Patsystems (UK) Limited
DIRECTORS AND ADVISERS

Directors	David Webber Martin Thorneycroft Andrew Edwards
Secretary	Daljit Kaur-Khela
Registered office	Cottons Centre Hays Lane, London SE1 2QP
Company number	3086310
Principal Bankers	The Royal Bank of Scotland plc 62/63 Threadneedle Street London EC2R 8LA HSBC PO Box 648 27-32 Poultry London EC2P 2BX
Solicitors	Jones Day 21 Tudor Street London EC4M 6JA Baker & McKenzie 100 New Bridge Street London EC4B 02Y
Registered auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Patsystems (UK) Limited

CONTENTS

	Page Number
DIRECTORS' REPORT	1 – 3
INDEPENDENT AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7 – 15

Patsystems (UK) Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report for Patsystems (UK) Limited and audited financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the Company was the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges

Results and dividends

The profit of the Company for the year ended 31 December 2006 was £5,375,180 compared to a loss of £1,626,651 for the year ended 31 December 2005. The directors do not recommend the payment of a dividend for the year (2005 Nil)

Review of business

The Directors are pleased with the Company's improved performance during the year and its position at 31 December 2006. The Directors are confident that performance will continue to improve in 2007 and beyond.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Patsystems Group, which include those of the company, are discussed in the Chief Executive's Report and the Finance Director's Review of the Group's annual report which does not form part of this report.

Key performance indicators (KPIs)

From the perspective of the company, the KPIs as to the development, performance and position of the company are integrated with the KPIs of the Group and are not analysed separately. The KPIs of the Patsystems Group, which include those of the company, are discussed in the Finance Director's Review of the Group's annual report which does not form part of this report.

Directors and their interests

The directors who held office during the year were

	Date appointed	Date resigned
Martin Thorneycroft	-	-
Andrew Edwards	-	-
Nick Garrow	-	4 January 2006
William Todd	-	31 May 2006
David Webber	3 January 2006	-

Patsystems (UK) Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

The interests of directors (who were directors at 31 December 2006) in shares and share options in Patsystems Plc are disclosed in that company's financial statements, except for

Shares

	31 December 2006	31 December 2005
Andrew Edwards	140,000	140,000

<u>Share Options</u>	<u>31 December 2006</u>		<u>31 December 2005</u>	
Options price	5 08p	15 58p	5 08p	15 58p
Andrew Edwards	250,000	535,500	250,000	535,500

The directors do not have any interest in the shares of Patsystems (UK) Ltd

Research and development

All expenditure, whether incurred through internal staff costs or through third party suppliers, relating to research and development is written off to the profit and loss account in the period incurred

Charitable and political donations

The Company made charitable contributions of £550 during the year (2005 £1,010) The donations were made to Childline and Care International No political donations were made in 2006 or 2005

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors confirm that the financial statements comply with the above requirements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Patsystems (UK) Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

Disclosure of information to auditors

For each of the persons who were directors at the time this report was prepared, the following applies

- So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware, and
- The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The Directors dispensed with the requirement to hold an Annual General Meeting and to appoint auditors annually as the Company is a wholly owned subsidiary

By order of the Board



Daljit Kaur-Khela
Company Secretary
28 June 2007

Patsystems (UK) Limited

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PATSYSTEMS (UK) LIMITED

We have audited the financial statements of Patsystems (UK) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

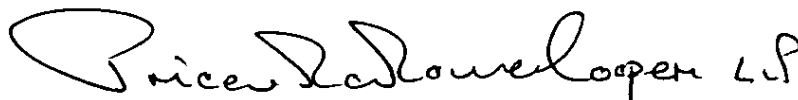
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, London

2 July 2007

Patsystems (UK) Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

		2006	2005
	Notes	£	£
Turnover	2	6,009,306	4,860,894
Cost of sales		(242,827)	(79,868)
Gross profit		5,766,479	4,781,026
Administrative expenses		(9,764,700)	(8,620,918)
Other Income		4,135,019	2,138,429
Operating profit/(loss)	5	136,798	(1,701,463)
Interest receivable and similar income	6	8,166	5,946
Interest payable and similar charges	7	(1,209)	(6,749)
Profit/(loss) on ordinary activities before taxation		143,755	(1,702,266)
Tax on loss on ordinary activities	8	5,231,425	75,615
Profit/(loss) for the financial year	18	5,375,180	(1,626,651)

The profit and loss account has been prepared on the basis that all operations are continuing operations

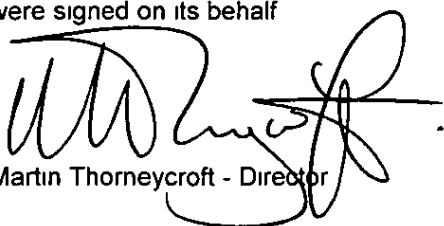
There is no difference between the profit / (loss) on ordinary activities before taxation and the retained profit / (loss) for the year stated above and their historical cost equivalents

The Company has no recognised gains or losses other than the profit / (loss) for the year above and therefore no separate statement of total recognised gains and losses has been prepared

Patsystems (UK) Limited
BALANCE SHEET
AT 31 DECEMBER 2006

	Notes	2006 £	2005 £
Fixed assets			
Intangible assets	9	111,840	169,239
Tangible assets	10	615,753	757,151
		<u>727,593</u>	<u>926,390</u>
Current assets			
Stock	11	185,186	289,913
Debtors	12	10,084,593	7,797,194
Deferred tax asset	13	5,342,000	-
Cash at bank		640,031	251,709
		<u>16,251,810</u>	<u>8,338,816</u>
Creditors' amounts falling due within one year	14	<u>(2,713,887)</u>	<u>(3,640,778)</u>
Net current assets		<u>13,537,923</u>	<u>4,698,038</u>
Total assets less current liabilities		<u>14,265,516</u>	<u>5,624,428</u>
Creditors' amounts falling due after more than one year	15	<u>(35,119,609)</u>	<u>(31,877,701)</u>
Provisions	16	<u>(34,000)</u>	<u>(10,000)</u>
Net liabilities		<u>(20,888,093)</u>	<u>(26,263,273)</u>
Capital and reserves			
Called up share capital	17	1,874	1,874
Share premium account	18	3,961,366	3,961,366
Profit and loss account	18	(24,851,333)	(30,226,513)
Equity Shareholders' deficit	19	<u>(20,888,093)</u>	<u>(26,263,273)</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 28 June 2007 and were signed on its behalf


Martin Thorneycroft - Director

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 1985, under the historical cost convention

The following accounting policies have been applied consistently throughout the year in relation to the Company's financial statements

1 1 Going concern

The accounts have been prepared on a going concern concept because the Parent Company, Patsystems Plc, has agreed to provide funds for the Company to meet its liabilities as they fall due for twelve months from the date of this report

1 2 Turnover and revenue recognition

Turnover represents amounts receivable for goods and services net of VAT. The amounts included and their treatment in the financial statements are as follows

- (i) Non-refundable installation income – this is invoiced in advance of installation work and is taken to the profit and loss account in line with the performance of the work
- (ii) Monthly end-user or lot charges and annual maintenance income on any rentals – these are credited to the profit and loss account in the period in which the service is provided
- (iii) Income from consultancy and software development projects – this is recognised in the profit and loss account on the date of acceptance of the consultancy or software development by the customer

1 3. Cost of sales

Cost of sales represents cost of goods resold directly to customers

1 4 Software licences

The software licences purchased are being amortised over their estimated useful lives (three years)

1 5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	- over period of lease
Computer hardware and software	- over 3 years on a straight-line basis
Furniture, fixtures and fittings	- over 4 years on a straight-line basis

1 6. Research and development

All research and development expenditure is written off as incurred

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value

1 8 Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Patsystems (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1 9. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where the transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits to utilise carried forward tax losses and against which the reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

1.10 Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, except, where the transaction is settled at a contracted rate, the contracted rate is used

1 11 Related party transactions

Financial Reporting Standard (FRS) 8, "Related Party Transactions", requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between group companies

1.12 Pension Costs

The Company operates a defined contribution scheme which is open to all Company employees and was set up in 2001. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable in respect of the financial year

1.13. Cash Flow statement

The Company is a wholly owned subsidiary of Patsystems Holdings Limited and is included in the consolidated financial statements of Patsystems Plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996)

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

2 Segmental analysis

	2006	2005
	£	£
Analysis of turnover on continuing operations		
By origin		
United Kingdom	6,009,306	4,860,894
By destination		
United Kingdom	4,895,016	4,724,600
Asia Pacific	1,114,290	136,294
	6,009,306	4,860,894

3 Staff Costs

Staff costs (including directors' emoluments) during the year amounted to

	2006	2005
	£	£
Wages and salaries	5,388,372	4,719,347
Social security costs	588,178	546,587
Pension costs	241,902	211,005
	6,218,452	5,476,939

There is no pension prepayment or accrual

The average monthly number of employees (including directors) during the year was

	2006	2005
Sales and Account Management	7	5
Customer Operations, Testing and Technical	61	60
Development	6	4
Finance, Administration and Board	16	15
	90	84

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

4. Directors' emoluments

	2006 £	2005 £
Aggregate emoluments	621,553	996,753
Pension contributions	48,000	63,502

Retirement benefits are accruing to three (2006 three) directors under a defined contribution scheme

Highest paid director

David Webber is the highest paid director. Total emoluments for the year ended 31 December 2006 are £291,889 and pension contributions for the year are £21,000

5. Operating profit/(loss)

	2006 £	2005 £
Operating profit/(loss) is stated after charging/(crediting)		
Amortisation of intangible assets	142,445	126,434
Depreciation of tangible assets	374,628	379,174
Operating lease rentals – plant and machinery	22,884	15,776
– other	211,688	215,691
Research and development costs	1,550,000	535,000
Auditors' remuneration	32,000	30,000
Remuneration of auditors for non-audit work	36,602	32,300
Foreign exchange gain	(20,547)	(14,423)
Other Income - royalties	4,135,019	2,138,429

*The fees paid to auditors for non-audit purposes in 2005 and 2006 were for tax and accounting advice

Operating expenses are all of an administrative nature

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

6. Interest receivable and similar income

	2006 £	2005 £
Bank interest	8,166	5,946

7. Interest payable and similar charges

	2006 £	2005 £
On bank loans and overdrafts	1,209	6,749

8. Taxation

The Company has no current tax charge due to losses arising in the year. The tax for the year is different from that which would result from applying the standard rate of Corporation Tax in the UK (30%). The differences are explained below.

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	143,755	(1,702,266)
Profit/(loss) on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 30% (2005 30%)	43,127	(510,680)
Effects of		
R & D tax credit in respect of prior periods	-	(84,806)
Expenses not deductible for tax purposes	10,931	13,527
Depreciation in excess of capital allowances	112,388	113,436
Amortisation of software licences	42,734	37,930
Withholding tax	110,575	9,191
Deferred tax (note 13)	(5,342,000)	-
Tax losses (utilised)/not utilised	(209,180)	345,787
Tax on profit/(loss) on ordinary activities	(5,231,425)	(75,615)

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

9. Intangible fixed assets

	Software Licences
Cost	£
At 1 January 2006	933,374
Additions	85,046
At 31 December 2006	<u>1,018,420</u>
Amortisation	
At 1 January 2006	764,135
Charge for year	142,445
At 31 December 2006	<u>906,580</u>
Net book value	
At 31 December 2006	<u>111,840</u>
At 31 December 2005	<u>169,239</u>

10 Tangible fixed assets

	Leasehold improvements	Computer equipment	Fixtures & fittings	Total
	£	£	£	£
Cost				
At 1 January 2006	604,612	1,592,388	497,925	2,694,925
Additions	-	225,823	7,407	233,230
Disposals	(118,824)	(8,327)	-	(127,151)
At 31 December 2006	<u>485,788</u>	<u>1,809,884</u>	<u>505,332</u>	<u>2,801,004</u>
Depreciation				
At 1 January 2006	243,709	1,239,656	454,409	1,937,774
Charge for the year	90,225	265,315	19,088	374,628
Disposals	(118,824)	(8,327)	-	(127,151)
At 31 December 2006	<u>215,110</u>	<u>1,496,644</u>	<u>473,497</u>	<u>2,185,251</u>
Net book value				
At 31 December 2006	<u>270,678</u>	<u>313,240</u>	<u>31,835</u>	<u>615,753</u>
At 31 December 2005	<u>360,903</u>	<u>352,732</u>	<u>43,516</u>	<u>757,151</u>

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

11 Stock

	2006 £	2005 £
Goods for resale	185,186	289,913

12. Debtors

	2006 £	2005 £
Trade debtors	1,938,707	354,011
Amounts owed by group undertakings	7,302,332	6,541,152
Other debtors	218,312	223,719
Prepayments and accrued income	625,242	678,312
	<u>10,084,593</u>	<u>7,797,194</u>

13 Deferred tax asset

	<u>Trading losses</u> £	<u>Capital allowances</u> £	<u>Total</u> £
At 1 January 2006	-	-	-
Credited to the profit and loss account	5,142,000	200,000	5,342,000
	<u>5,142,000</u>	<u>200,000</u>	<u>5,342,000</u>
At 31 December 2006	5,142,000	200,000	5,342,000

14 Creditors amounts falling due within one year

	2006 £	2005 £
Trade creditors	572,199	409,972
Amounts due to group undertakings	161,140	2,000,000
Other taxes and social security costs	384,394	224,326
Accruals and deferred income	1,596,154	1,006,480
	<u>2,713,887</u>	<u>3,640,778</u>

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

15 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Amounts due to group undertakings	35,119,609	31,877,701

Amounts due to group undertakings are unsecured, interest free and repayable on demand

16 Provisions

	At 1 January 2006	New provisions made in year	At 31 December 2006
	£	£	£
Dilapidations provision	10,000	24,000	34,000
	10,000	24,000	34,000

The dilapidation provision is in respect of works to be carried out at the end of the leases on property
The provision is due to expire in the second half of 2009

17 Share capital

	2006	2005
	£	£
Authorised		
10,000,000 Ordinary shares of 1p each	100,000	100,000
Allotted, called up and fully paid		
187,432 (2005 187,432) Ordinary shares of 1p each	1,874	1,874

18. Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2006	3,961,366	(30,226,513)
Profit for the year	-	5,375,180
Balance at 31 December 2006	3,961,366	(24,851,333)

Patsystems (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

19. Reconciliation of movements in shareholders' deficit

	2006	2005
	£	£
Profit/(loss) for the financial year	5,375,180	(1,626,651)
Opening shareholders' deficit	(26,263,273)	(24,636,622)
Closing shareholders' deficit	<u>(20,888,093)</u>	<u>(26,263,273)</u>

20. Financial commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2006	2005
	£	£
Expiry date		
In 2 – 5 five years	<u>208,042</u>	<u>208,042</u>

21. Related party transactions

Turnover includes £366,000 (2005 £349,000) in respect of Banca Caboto Spa (London Branch), a member of a group of companies which include CAI (Suisse), a shareholder of the Company

22. Ultimate parent undertaking

The immediate parent undertaking is Patsystems Holdings Limited. The ultimate controlling party is Patsystems Plc, a company incorporated in Great Britain. Copies of the financial statements of Patsystems Plc can be obtained from the Company Secretary at the Company's registered office at Cottons Centre, Hays Lane, London SE1 2QP or from the Investor Relations section of the Company's internet site at www.patsystems.com